



February 21, 2001

HOUSE BILL No. 1871

DIGEST OF HB 1871 (Updated February 20, 2001 2:08 PM - DI 77)

Citations Affected: IC 12-15.

Synopsis: Directing of Medicaid patients to certain hospitals. Removes December 31, 2000, expiration date of provisions that: (1) requires a Medicaid managed care contractor to regard a hospital as a contracted provider which provides services to certain patients under a capitated prepayment managed care system; (2) prohibits a Medicaid managed care contractor from providing incentives or mandates to primary medical providers to direct certain Medicaid recipients to contracted hospitals other than a hospital in a city where the recipient resides; and (3) requires certain Medicaid hospitals to comply with eligibility verification and medical management programs negotiated under the hospital's most recent contract or agreement with the Medicaid managed care contractor. Prohibits providing certain hospitals less reimbursement when the patient was referred to a hospital in the city where the patient resides. Prohibits a hospital from declining nonemergency services to a individual in the Medicaid risk based program if the hospital has an agreement with the individual's managed care contractor. (The introduced version of this bill was prepared by the interim study committee on Medicaid oversight.)

Effective: December 30, 2000 (retroactive).

Brown C, Dillon

January 17, 2001, read first time and referred to Committee on Public Health.
February 20, 2001, amended, reported — Do Pass.

HB 1871—LS 6214/DI 98+



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February 21, 2001

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1871

A BILL FOR AN ACT to amend the Indiana Code concerning Medicaid.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 12-15-11.5-2, AS ADDED BY P.L.142-2000,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 DECEMBER 30, 2000 (RETROACTIVE)]: Sec. 2. ~~(a)~~ The office's
4 managed care contractor shall regard a hospital as a contracted
5 provider in the office's managed care services program, which provides
6 a capitated prepayment managed care system, for the provision of
7 medical services to each individual who:

8 (1) is eligible to receive services under IC 12-15 and has enrolled
9 in the office's managed care services program;

10 (2) resides in the same city in which the hospital is located; and

11 (3) has selected a primary care provider who:

12 (A) is a contracted provider with the office's managed care
13 contractor; and

14 (B) has medical staff privileges at the hospital.

15 ~~(b) This section expires December 31, 2000.~~

16 SECTION 2. IC 12-15-11.5-3, AS ADDED BY P.L.142-2000,
17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 DECEMBER 30, 2000 (RETROACTIVE)]: Sec. 3. (a) The office or
 2 the office's managed care contractor may not provide incentives or
 3 mandates to the primary medical provider to direct individuals
 4 described in section 2 of this chapter to contracted hospitals other than
 5 a hospital in a city where the patient resides.

6 **(b) The prohibition in subsection (a) includes methodologies that**
 7 **operate to lessen a primary medical provider's payment due to the**
 8 **provider's referral of an individual described in section 2 of this**
 9 **chapter to the hospital in the city where the individual resides.**

10 **(c) A hospital may not decline to provide nonemergency services**
 11 **to an individual identified in section 2 of this chapter who is**
 12 **referred to the hospital by a primary medical provider identified**
 13 **in subsection (a):**

14 **(1) on the basis that the individual is enrolled in the**
 15 **Medicaid risk based program; and**

16 **(2) as long as the hospital's reimbursement for the services**
 17 **is established by statute or by agreement with the**
 18 **individual's managed care contractor.**

19 **(d) A hospital that provides services to individuals described in**
 20 **section 2 of this chapter shall comply with eligibility verification and**
 21 **medical management programs negotiated under the hospital's most**
 22 **recent contract or agreement with the office's managed care contractor.**

23 ~~(e) This section expires December 31, 2000.~~

24 **SECTION 3. An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1871, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 12-15-11.5-2, AS ADDED BY P.L.142-2000, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 30, 2000 (RETROACTIVE)]: Sec. 2. ~~(a)~~ The office's managed care contractor shall regard a hospital as a contracted provider in the office's managed care services program, which provides a capitated prepayment managed care system, for the provision of medical services to each individual who:

- (1) is eligible to receive services under IC 12-15 and has enrolled in the office's managed care services program;
- (2) resides in the same city in which the hospital is located; and
- (3) has selected a primary care provider who:
 - (A) is a contracted provider with the office's managed care contractor; and
 - (B) has medical staff privileges at the hospital.

~~(b) This section expires December 31, 2000."~~

Page 1, between lines 7 and 8, begin a new paragraph and insert:

"(b) The prohibition in subsection (a) includes methodologies that operate to lessen a primary medical provider's payment due to the provider's referral of an individual described in section 2 of this chapter to the hospital in the city where the individual resides.

(c) A hospital may not decline to provide nonemergency services to an individual identified in section 2 of this chapter who is referred to the hospital by a primary medical provider identified in subsection (a):

- (1) on the basis that the individual is enrolled in the Medicaid risk based program; and**
- (2) as long as the hospital's reimbursement for the services is established by statute or by agreement with the individual's managed care contractor."**

Page 1, line 8, delete "(b)" and insert "(d)".

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Renumber all SECTIONS consecutively.
and when so amended that said bill do pass.

(Reference is to HB 1871 as introduced.)

BROWN C, Chair

Committee Vote: yeas 12, nays 0.

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